

## **Management System: Budget and Financial Management**

### **Subject Area: Accounting**

## **Procedure: Managing Letter of Credit Processes**

**Issue Date:**  
04/21/14

**Lead Subject Matter Expert:**  
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### **1.0 Applicability**

This information applies to the U.S. Department of Energy (DOE) Environmental Consolidated Business Center (EMCBC), Office of Financial Management (OFM), Integrated Contractor Carlsbad Contracting Officers (COs), and Procurement Staff who have oversight responsibility for the Letter of Credit (LOC) Banking Agreements.

### **2.0 Required Procedure**

<b>Step 1</b>	The Integrated Contractor Procurement Official prepares a solicitation package and submits it to the CO for review and comment.
<b>Step 2</b>	<p>The EMCBC OFM Staff and CO:</p> <ul style="list-style-type: none"><li>• Review the solicitation and draft Banking Agreement to assure the requirements of the Accounting Handbook are met.</li><li>• Provide comments and recommended changes to the Integrated Contractor Procurement Official.</li></ul>
<b>Step 3</b>	<p>The Integrated Contractor:</p> <ul style="list-style-type: none"><li>• Issues the DOE approved solicitation package to obtain bids from eligible institutions and competitively selects a financial institution to provide banking services to the contractor.</li><li>• Provides a copy of the banking agreement to the EMCBC OFM Office and the CO upon award of banking services.</li><li>• Any bank request changes to collateral will be processed by EMCBC OFM office and then submitted unto Treasury.</li></ul>

<b>Step 4</b>	<p>The EMCBC OFM Staff:</p> <ul style="list-style-type: none"> <li>• Establish a new Automated Standard Application for Payments (ASAP) authorization in Department of Treasury's ASAP system.</li> <li>• Update LOC for any changes to period of performance; collateral amounts.</li> <li>• Review the Federal Reserve "Collateral Monitoring Recap Report" monthly for each LOC to assure daily balance of federal funds available is zero. Any non-zero amounts are researched and resolved.</li> <li>• Add funds to the LOC for contract mods and Department of Energy Payment and Collection System (DOEPACS)</li> <li>• Reconcile the LOC available balance with the Standard Accounting and Reporting System (STARS) unpaid balance after each month end close, and bring to the attention of the Integrated Contractor and/or the Finance Budget Team any issues for correction.</li> </ul>
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### 3.0 References – Forms/Attachments/Exhibits

- DEAR 970.32, Contract Financing
- DOE Financial Management Handbook, Chapter 6, "Cash," including Attachment 6-4, "Solicitation for Financial Institution Services," and Attachment 6-5, "Sample Solicitation Letter"
- ITFM 6, Treasury Financial Manual
- Making Adjustment and Returning Funds to ASAP October 2013

### 4.0 Records Generated

Records generated through implementation of this procedure are identified as follows, and are maintained by the Office of Financial Management in accordance with the EMCBC Organizational File Plan:

<b>Records Category Code</b>	<b>Records Title</b>	<b>Responsible Organization</b>	<b>QA Classification (Lifetime, Non-Permanent or N/A)</b>

ADM 06-01-A	Accountable Officers' Files:  Letter of Credit Banking Agreements   Automated Standard Application for Payments (ASAP) Certifiers	Office of Financial Management	N/A
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## **EMCBC RECORD OF REVISION**

**DOCUMENT TITLE:** Managing Letter of Credit Processes

If there are changes to the controlled document, the revision number increases by one. Indicate changes by one of the following:

- I Placing a vertical black line in the margin adjacent to sentence or paragraph that was revised.
- I Placing the words GENERAL REVISION at the beginning of the text.

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<b><u>Rev. No.</u></b>	<b><u>Description of Changes</u></b>	<b><u>Revision on Pages</u></b>	<b><u>Date</u></b>
0	Initial document in new format	All	4/21/14